

2006-2007 PERFORMANCE PLAN – PORTFOLIO MANAGER, PASSIVE EQUITY (Guidi)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
40%	Aggregate Return Deviation versus Benchmarks	Return Deviation in basis points relative to: 1. CalPERS Domestic Passive (SJ64) - Custom Wilshire 2500 (Y082) (95%) 2. Internal Micro Cap Index (SW9P – VEA2) (5%)*	#1 and #2 > -50 basis points = 0 > -30 basis points = 1.0 > -10 basis points = 1.5
15%	Global Equity Performance	Excess return in basis points relative to global equity performance benchmark (GLOBLIC - CPERSGE2)	>-50 basis points = 0 >-10 basis points = 1.0 >+15 basis points = 1.5
10%	Aggregate Return Deviation versus Benchmark	Return Deviation in basis points relative to: 1. Dynamic Completion Fund (SW2M) - Custom DCF Benchmark (ZZV2)	> -200 basis points = 0 > -100 basis points = 1.0 > 0 basis points = 1.5
5%	Aggregate Return Deviation versus Benchmarks	3. Deferred Comp S&P 500 (SK52C) - S&P 500 (X01D) (50%) 4. Affiliate Pooled S&P 500 (SK80B) – S&P 500 (QM32) (50%)	#3 and #4 > -40 basis points = 0 > -20 basis points = 1.0 > -0 basis points = 1.5
2.5%	Aggregate Return Deviation versus Benchmark	Return Deviation in basis points relative to: Real Estate Extended Market (SW8Q) – Dow Wilshire Real Estate Securities Index (VJJD)	> -200 basis point = 0 > -100 basis points = 1.0 > 0 basis points = 1.5
2.5%	Aggregate Return Deviation versus Benchmark	Return Deviation in basis points relative to: Enhanced Core REIT Fund (SWAM) vs. Cal PERS Tactical REIT Index (ZZC2)	> -200 basis point = 0 > -100 basis points = 1.0 > 0 basis points = 1.5
75%	Subtotal	Quantitative Measures	

* Note: This allocation accounts for a higher degree of complexity in managing account SW9P.

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	Demonstrate leadership within CalPERS and in the external investment community. Dimensions include leadership: <ul style="list-style-type: none"> • Within Investment Group • Trustees • CalPERS • External Investment Community 	From Schedule
5%	Research and Development	Enhance CalPERS Internal Domestic Equity trading infrastructure by integrating independent electronic algorithmic platforms into the trading process, and produce a 2007 Trading Cost Analysis depicting the cost differences versus traditional trading methodologies by March 31, 2007.	From Schedule
5%	Research and Development	Complete an analysis of the Wilshire CalPERS Microcap Benchmark 2006-2007 annual reconstitution, and recommend improvements to the Senior Investment Officer in the benchmark structure and reconstitution process by December 31, 2007.	From Schedule
25%	Subtotal	Qualitative Measures	
100%	Total	Quantitative & Qualitative Measures	

Supervisor's Approval: Original signed by Russell Read

Date: August 1, 2006